

BIODIESEL FUEL USE CREDIT INTERIM GUIDANCE FOR REPORTING⁽¹⁾

The Biodiesel Fuel Use Credit Interim Final Rule became effective June 18, 1999, and allows covered fleets to allocate alternative fuel vehicle (AFV) acquisition credits towards meeting Energy Policy Act (EPACT) requirements through the purchase of biodiesel fuel. One biodiesel fuel use credit, which will be counted as one AFV acquisition, will be allocated to fleets and covered persons for each purchase of 450 gallons of neat **biodiesel fuel⁽²⁾**, where neat biodiesel fuel is 100 percent biodiesel by volume (B100). Biodiesel blends, such as B20 (20 percent biodiesel and 80 percent petroleum diesel), may also be purchased by a fleet to be allocated a biodiesel fuel use credit. However, in purchasing biodiesel blends, a fleet may only count the biodiesel portion of the blend towards the allocation of a biodiesel fuel use credit. For example, a fleet would need to purchase 2,250 gallons of B20 to be allocated an AFV acquisition credit (i.e., 2,250 gallons of B20 * 0.2 = 450 gallons of neat biodiesel).

To be allocated a biodiesel fuel use credit, **the following conditions must be met:**

1. The fuel purchased for use must be in blends of at least 20% biodiesel. If higher percentage blends are purchased (including, B100) for blending on site, the resulting blend, when used in vehicles, must be at least 20% biodiesel.
2. The fuel must be purchased for use in vehicles with a gross vehicle weight rating (GVWR) > 8500 lbs.
3. The fuel may not be used in vehicles for which an Energy Policy Act (EPACT) AFV acquisition credit has been claimed.
4. Federal or state law did not require biodiesel fuel use when the fuel was purchased.
5. The fuel was purchased after November 13, 1998 (applicable for model year 1999).
6. Biodiesel fuel use credits can only be used in the model year in which they are generated; i.e., they cannot be banked for use in future years. Biodiesel fuel use credits are also not eligible for trading.
7. The total amount of biodiesel purchases claimed must be the net amount of biodiesel purchased for use by the reporting fleet. Any amount of biodiesel sold or otherwise provided to any other user must not be included in the amount of biodiesel purchases reported.

You must maintain and retain purchase records verifying this information for three years from the next December 31 following the close of the model year for which this request is submitted.

The following rules will be followed to calculate your biodiesel fuel use credits:

1. Biodiesel fuel use credits can account for no more than 50% of a fleet's annual AFV acquisition requirements, except for **biodiesel fuel providers**⁽³⁾ who can meet up to 100% of their requirements through the biodiesel fuel use credit.
2. In determining if a fleet or covered person is in compliance with AFV acquisition requirements, biodiesel fuel use credits are counted first, up to their allowable limit, and then alternative fuel vehicle acquisition credits are counted. If this results in excess credits, the excess AFV acquisition credits can be used in future years.
3. No rounding up of biodiesel fuel use credits is allowed; each allocation of a biodiesel fuel use credit requires that the full 450 gallons of biodiesel be purchased.

Footnotes:

- (1) This interim guidance provides information on claiming biodiesel fuel use credits. However, because the Final Rule regarding the biodiesel fuel use credit has not yet been published, these guidelines are subject to change in accordance with the published Final Rule.
 - (2) Biodiesel is defined as a diesel fuel substitute produced from non-petroleum renewable resources that meet registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act.
 - (3) A biodiesel fuel provider is a covered person whose principal business (the sales-related activity that produces the greatest gross revenue) is producing, storing, refining, processing, transporting, distributing, importing, or selling at wholesale or retail biodiesel fuel. This does not include a person whose principal business is: (1) transforming the biodiesel fuel into a product that is not a fuel; (2) consuming biodiesel fuel as a feedstock or fuel in the manufacture of a product that is not biodiesel fuel.
-